ANDERSEN

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Qwest Communications International Inc.
and the Federal Communications Commission:

We have examined Qwest Communications International Inc.'s (the "Company") compliance with the Merger Orders[1] during the period from January 1, 2001 through December 31, 2001 (the "Evaluation Period"). Management is responsible for the Company's compliance with the Merger Orders. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining on a test basis, evidence about the Company's compliance with the Merger Orders, as well as such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with the specified requirements.

Our examination disclosed two formal complaints filed by Touch America with the Commission against Qwest. We have reviewed the Touch America complaints (except for those portions under the Commission's Protective Order), noting that they allege: 1) that Qwest has not complied with its Final Divestiture Plan and 2) that Qwest has violated Section 271 through the sale of indefeasible rights of use ("IRUs") in its in-region local service area. We are aware that Qwest believes that it has complied with the Final Divestiture Plan, that the sale of IRUs is permitted under Section 271 and that Touch America's allegations are without merit. In addition, we are aware that arbitration and judicial proceedings are pending between Qwest and Touch America to resolve contractual and commercial disputes. The Commission has not issued a ruling on the complaints filed by Touch America as of the date of this report. The arbitrator and the court have not issued rulings on the contractual and commercial matters as of the date of this report.

In our opinion, except for the impact, if any, of the ultimate resolution of the legal matters discussed in the preceding paragraph, the Company complied, in all material respects, with the Merger Orders during the Evaluation Period.

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[1] *In the Matter of Qwest Communications International Inc. and U S WEST, Inc., Applications for Transfer of Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License,* Memorandum Opinion and Order, CC Docket No. 99-272, FCC 00-231 (released June 26, 2000) (the "June 26 Order") and FCC 00-91 (released March 10, 2000) were issued (collectively, the "Merger Orders"). The Company submitted a plan to the Federal Communications Commission (the "Commission") regarding the divestiture of its in-region interLATA services in compliance with the relevant requirements of Section 271. This plan was set forth in a Divestiture Compliance Report submitted on April 14, 2000, and in subsequent filings by the Company with the Commission in Docket No. 99-272 (collectively, the "Company Divestiture Plan"). In the June 26 Order, the Commission approved the Company Divestiture Plan as consistent with Section 271, subject to certain specified modifications to that plan set forth in the June 26 Order (as so modified, the "Final Divestiture Plan").

The Merger Orders require that we report all noted instances of non-compliance whether or not deemed to be material. As further discussed in Attachment I, we noted certain variances from the Merger Orders, which did not impact our opinion on the Company's compliance with the Merger Orders as a whole.

This report is intended solely for the information and use of the Board of Directors and management of the Company and the Commission and should not be used for any other purpose. Since this report will be filed in documents that are a part of the public record, its distribution is not limited.

Arthur Andersen LLP

Denver, Colorado,
March 11, 2002.

ATTACHMENT I to REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Qwest Communications International Inc.
and the Federal Communications Commission:

As indicated in our report dated March 11, 2002, through the course of our work, we noted certain variances from the Merger Orders, which did not impact our opinion on Qwest's compliance as a whole, a description of which follows.

In-Region Service Component Codes

We noted that 657 customer account records used for billing included prohibited in-region interLATA service component codes as of December 31, 2001. A single customer may have multiple customer account records. The Company believes that these in-region service component codes represent services that were ordered before June 30, 2000, but were not provisioned until after the merger.

Of the 657 customer account records with prohibited in-region interLATA service component codes as of December 31, 2001, 169 of these customer account records had only metered in-region interLATA services. A judgmental sample of invoices reviewed related to these customer account records properly identified Touch America as the carrier of the services in accordance with the Merger Orders.

During the year ended December 31, 2001, 330 customer account records with prohibited in-region interLATA service components codes for certain non-metered services (e.g. private line services) were billed and branded as Qwest services. The additional 158 customer account records which contained prohibited in-region interLATA service component codes did not bill during 2001. The total amount of revenues billed as Qwest services related to these 330 customer account records for the year ended December 31, 2001 was approximately $2.8 million. We also noted that approximately $11,000 of revenues related to these customers was billed as Qwest service from January 1, 2002 through January 31, 2002. We understand that these amounts are subject to adjustment pending the outcome of the pending arbitration between Qwest and Touch America.

Qwest remitted approximately $2.2 million to Touch America during 2001 related to such amounts, net of the estimated bad debts. The estimated remaining amount due, net of estimated bad debt expense, of approximately $569,000 has not been paid to Touch America as of the date of our report, pending the outcome of the arbitration between Qwest and Touch America. We make no comment on the amount withheld for estimated bad debts.

Double Billing

In 2001, Qwest informed us that it had discovered that Qwest double billed certain customers for communications services provided by Touch America during 2001 due to a coding error in Qwest's billing system. The Company informed us that affected customers have been or will be given a credit for the amount of double billing. The Company informed us that the coding error was fixed during 2001. Our testing of the controls put in place to fix this coding error indicate that the controls were properly designed and operating effectively upon their implementation.

We also noted that certain customers were double billed presubscribed interexchange carrier ("PICC") charges during 2001. The Company has informed us that this issue occurred because one of the telemarketers was adding redundant PIC codes to customer accounts. The Company has informed us that it is taking the appropriate action to change the practices of this telemarketer and put system controls in place to prevent this from occurring in the future. Based upon its review, the Company believes that the number of affected customer account records will not exceed 21,000 and that the dollar amount to be credited to customer accounts related to this issue will not exceed $1 million. The Company has determined that each affected customer is an out-of-region customer and accordingly, the Company does not believe that this issue affects its compliance with the Merger Orders. Based upon our testing of a statistical sample of these customers, we concur that these customers are out-of-region customers.

Global Service Provider

We noted that certain invoices during 2001 for approximately 1,000 customers who subscribe to Internet-related services did not include a separate Global Service Provider ("GSP") charge for in-region interLATA Internet traffic carried by Touch America. The estimated amount of Internet-related billings which should have been billed as Touch America GSP charges was approximately $2 million for 2001. Qwest has not remitted payment to Touch America as of the date of our report pending the outcome of the arbitration between Qwest and Touch America.

Sales Agent Contracts

We requested a statistical sample of sales agent contracts from Qwest as part of our testing. Of the sales agent contracts requested in our statistical sample, the Company could not locate three sales agent contracts; however, our testing of commissions paid to sales agents, including these three sales agents, indicated that commissions based upon combined Qwest and Touch America sales volumes were not paid, except as provided for in the Merger Orders.

Prepaid Calling Cards

We noted that certain amounts received by Qwest for the sale of prepaid calling cards were not remitted to Touch America for in-region interLATA traffic which was carried by Touch America. The estimated amount that was not properly remitted to Touch America during 2001 as a result of this issue was approximately $140,000 which relates to approximately 86,000 prepaid card calls. Qwest has not remitted payment to Touch America as of the date of our report pending the outcome of the arbitration between Qwest and Touch America.

Qwest Employee Access to Customer Account Records

We noted that there were three employees who served on the "major account support team" ("MAST") in transitioning significant divested customer accounts to Touch America who also had "super-user" access for all or a portion of the time the employee served in the MAST. "Super-user" access allows an employee to view and, when necessary, make changes to both Qwest and Touch America customer accounts and is generally only given to billing support employees. The Company does not believe that the employees took any actions contrary to the Merger Orders during this period of overlap. Nothing came to our attention as a result of our testing that indicates any actions taken by these employees were in violation of the Merger Orders.